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Financing of the United Nations Operation in Côte d'Ivoire

Budget performance report of the United Nations Operation in Côte d'Ivoire for the period from 1 July 2015 to 30 June 2016

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2015/16	$402,794,300
Expenditure for 2015/16	$354,114,000
Unencumbered balance for 2015/16	$48,680,300
Appropriation for 2016/17	$171,937,800
Projected expenditure for 2016/17[a]	$168,768,600
Projected underexpenditure for 2016/17[a]	$3,169,200

[a] Estimates as at 28 February 2017.

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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the budget performance report of the Secretary-General on the United Nations Operation in Côte d'Ivoire (UNOCI) for the period from 1 July 2015 to 30 June 2016 (A/71/732). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 21 April 2017.

2. The mandate of UNOCI was established by the Security Council in its resolution 1528 (2004) of 27 February 2004 and extended, most recently, until 30 June 2017, by the Council in its resolution 2284 (2016) of 28 April 2016, in which the Council requested the Secretary-General to complete the withdrawal of all uniformed and civilian components, other than those required for the mandate of the Operation, by 30 April 2017, and to complete the closure of the Operation in the period from 1 May to 30 June 2017.

3. The Advisory Committee recalls that in accordance with General Assembly resolution 69/258 B, the appropriation for the maintenance of the Operation for the period from 1 July 2015 to 30 June 2016 was reduced by an amount of $15,447,500, to $402,794,300 gross ($395,517,400 net).

II. Budget performance for the period from 1 July 2015 to 30 June 2016

4. Information with respect to the mandate performance of the Operation is provided in paragraphs 4 to 7 of the performance report (A/71/732). The Secretary-General indicates that the total expenditures for the maintenance of the Operation for 2015/16 amounted to $354,114,000, compared with the total amount of $402,794,300 gross appropriated under the terms of General Assembly resolution 69/258 B, representing an 87.9 per cent gross budget implementation rate. Detailed information on the budget implementation of the Operation is provided in paragraphs 8 to 21 of the performance report.

5. The Secretary-General provided information on resource performance for the Operation for the period from 1 July 2015 to 30 June 2016 in section III of that report, which contains a summary of financial resources, redeployments across groups, monthly expenditure patterns, other revenue and adjustments, expenditure for contingent-owned equipment, and the value of non-budgeted contributions.

6. An analysis of variances is provided in section IV of the report of the Secretary-General. The report indicates that the net underexpenditure is attributable to reduced requirements under all three groups of expenditure: (a) military and police personnel ($23,186,900, or 10.8 per cent), resulting from a reduction in the authorized ceiling of the military component, in accordance with Security Council resolution 2260 (2016) of 20 January 2016 and higher actual vacancy rates, due to earlier-than-planned repatriation of military contingents; (b) civilian personnel ($4,421,900, or 5.4 per cent), resulting from higher actual vacancy rates for international staff, United Nations Volunteers and government-provided personnel; and (c) operational costs ($21,071,500, or 20 per cent), attributable mainly to the lower cost of petrol, oil and lubricants; lower expenses for utilities and waste disposal services and maintenance services; and reduced requirements under the acquisition of engineering supplies and generators. Variances also occurred as a result of the depreciation of the value of the CFA franc in relation to the United

States dollar (planned rate of 1 United States dollar = 538.3 XOF, compared with the actual average rate of 1 United States dollar = 593.75 XOF).

7. Information provided by the Secretary-General indicates that an amount of $16,149,200 was apportioned under national staff and that expenditures totalled $19,624,200, representing an overexpenditure of $3,475,000, or 21.5 per cent. The Advisory Committee noted that the Secretary-General's report had explained that the variance was attributable primarily to the higher actual average grade level of NPO-C, step 5, with respect to National Professional Officers, and G-5, Step 4, for national General Service, in respect of staff on board the mission, compared with NPO-B, step 1, and G-4, step 7, respectively, provided for in the budget. Upon enquiry, the Committee was informed that the increased expenditures was due to the net salary for the National Professional Officer at a grade/step of NOB/6, or XOF 2,085,667 ($3,521), although the amount applied in the 2016/17 budget was XOF 1,358,174 ($2,294), which led to an actual overexpenditure of 53 per cent during the 2016/17 period. **The Advisory Committee is of the view that the information on expenditures for the increased staff costs still lacks clarity and trusts that additional information will be provided to the General Assembly during its consideration of the Secretary-General's performance report.**

8. The Secretary-General's report indicates that an amount of $1,296,400 was apportioned under medical and that expenditures for the 2015/16 period were $798,800, resulting in an underexpenditure of $497,600, or 38.4 per cent less than the apportioned amount. The Advisory Committee was also informed, upon enquiry, that lower expenditures under medical were attributable to (a) the delayed procurement of medical supplies, laboratory costs, dental drugs and consumables, some of which are not available within system contracts; (b) reduced requirements for blood packs, drugs, medical kits and consumables resulting from the lower number of clinics operated and maintained due to the reduction of military personnel within the context of the overall drawdown of the Operation; and (c) pending reimbursement for yellow fever vaccines for the military contingent from troop-contributing countries. With regard to the reimbursement process for troop-contributing countries for vaccines, the Committee was informed that the mission reviews the claim submitted by the Government and, once the claim has been verified, the mission submits it to Headquarters for reimbursement. **Noting the special case for direct reimbursement for yellow fever vaccines as currently specified in the Manual on Policies and Procedures Concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police Contributors Participating in Peacekeeping Missions (Contingent-Owned Equipment Manual), the Advisory Committee is of the view that an update on this matter should be provided to the General Assembly at the time of its consideration of the Secretary-General's report.**

Incorrect reporting of expenditures

9. Upon enquiry, the Advisory Committee was provided with information indicating that some expenditures had been recorded incorrectly, under classes other than those for which they had been budgeted, leading to the report of variances in the performance report. Upon enquiry, the Committee was informed that the reported underexpenditure of $208,300 (41.1 per cent) under consultants was due in part to the fact that expenditures for individual contractors, which had been initially budgeted under training consultants and facilities and infrastructure, were recorded incorrectly under consultants (non-training). **The Advisory Committee is concerned that the incorrect recording of expenditures hinders a proper comparison and analysis of expenditure patterns.** The Committee's observations

and comments on this issue are also contained in its report on cross-cutting issues related to peacekeeping operations (A/71/836).

10. The Secretary-General's report notes that the total amount of $65,223,900 comprises the unencumbered balance of $48,680,300 with respect to the period from 1 July 2015 to 30 June 2016 and other income amounting to $16,543,600 from interest income ($993,400), other/miscellaneous income ($1,325,300) and cancellation of prior-period obligations ($14,224,900). Upon enquiry, the Committee was informed that, as at 22 March 2017, unliquidated obligations for the 2015/16 period amounted to $13,854,800.

Matters pertaining to the report of the Board of Auditors

11. In considering the report of the Secretary-General on the financing of UNOCI, the Advisory Committee had before it the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2016 (A/71/5 (Vol. II)). In its report, the Board observed that the Operation was one of four missions with the highest variances between budget and expenditure. The Board also made observations and recommendations pertaining to UNOCI on the following matters: instances of assets fully depreciated but still in use; long outstanding inter-agency accounts receivable; and use of redeployments.

12. Further comments of the Advisory Committee on the information presented in the budget performance report (A/71/732) can be found, where relevant, in the discussion of the current period in section III below.

III. Information on performance for the current period

A. Mandate and planned results

13. In his report, the Secretary-General recalled that the Security Council, by its resolution 2284 (2016) of 28 April 2016, extended the mandate of UNOCI for a final period until 30 June 2017. By the same resolution, the Council: (a) requested the Secretary-General to complete, by 30 April 2017, the withdrawal of all uniformed and civilian components other than those required for the mandate of the Organization (para. 17); and (b) decided that from 1 May to 30 June 2017, the mandate of UNOCI would be to complete the closure of the Operation (para. 18).

14. As noted in the report of the Advisory Committee (A/71/676, para. 7), the Operation has been working to conclude its remaining activities while also transitioning residual functions to the Government, the United Nations country team and partners, and liquidating the Operation. Upon enquiry, the Committee was informed that the process of transitioning had begun after the signing of the UNOCI handover plan on 17 October 2016. The Committee was also informed that the handover plan covers six critical elements, namely (a) social cohesion; (b) human rights and transitional justice; (c) security sector reform; (d) disarmament, demobilization and reintegration, weapons management and civilian disarmament; (e) defence, security and law enforcement; and (f) communication (specifically related to the radio station UNOCI FM).

15. Upon enquiry, the Advisory Committee was also informed that civilian administrative staff are being separated from the Operation before the closure of accounts, and tasks are being outsourced to the Regional Service Centre in Entebbe, Uganda, and Headquarters.

B. Financial position of UNOCI

16. In its resolution 71/271, the General Assembly decided to appropriate to the Special Account for UNOCI the amount of $171,937,848 for the maintenance of the Operation for the period from 1 July 2016 to 30 June 2017, inclusive of the amount of $153,046,000 previously authorized for the Operation for the period from 1 July to 31 December 2016 under the terms of Assembly resolution 70/272.

17. Upon enquiry, the Advisory Committee was informed that, as at 3 April 2017, a total of $5,917,751,400 had been assessed on Member States in respect of the Operation since its inception. The Committee was also informed that payments received as of the same date amounted to $5,889,042,800, leaving an outstanding balance of $28,708,600. As at 3 April 2017, the cash position of the Operation was $91,942,800, which was sufficient to cover the three-month operating cash reserve of $34,499,700.

18. **The Advisory Committee notes the repeated calls by the General Assembly for all Member States to pay their financial obligations on time, in full and without conditions, in accordance with the Charter of the United Nations (Assembly resolutions 70/247, 70/271 and 70/285). The Committee also reiterates that the Secretary-General should identify solutions to the problem of late payment of assessed contributions, including by engaging more actively with Member States (see A/70/742/Add.3, para. 9).**

19. Upon enquiry, the Advisory Committee was informed that as at 31 December 2016, payments to troop-contributing countries for standard troop reimbursement costs in the amount of $68,868,900 were made for the period from January to October 2016, and that an amount of $8,916,365 was paid on 15 March for the period from 1 November 2016 to 31 January 2017. For the period from January to September 2016, payments in the amount of $40,436,200 were made for contingent-owned equipment reimbursements, leaving the balance owed as at 31 December 2016 in the amount of $5,723,900. An additional amount of $4,887,731 was paid on 20 March 2017 for the period from 1 October to 31 December 2016.

20. Upon enquiry, the Advisory Committee was informed that with respect to death and disability compensation since the inception of the Operation, an amount of $5,802,500 had been paid in respect of 147 claims as at March 2017. The Committee was informed that there were seven pending claims. **The Advisory Committee trusts that all outstanding claims will be settled expeditiously.**

21. The Advisory Committee was also informed that as at 28 February 2017, the incumbency of the Operation was as follows:

Category	*Authorized/ approved*[a]	*Planned (average)*[b]	*Actual (average)*	*Average vacancy rate (percentage)*
Military observers	192	112	93	17
Military contingent personnel	3 808	2 139	1 747	18
United Nations police personnel	500	406	250	38
Formed police personnel	1 000	1 000	366	63
International staff	251	228	208	9
National staff	545	421	395	6
United Nations Volunteers	89	73	64	12

[a] Represents the highest authorized strength for the period for military and police personnel and the approved posts for civilian personnel.

[b] Represents the average authorized strength pursuant to Security Council resolution 2284 (2016) for military personnel and the drawdown plan for civilian staff.

22. The Advisory Committee was provided with a table showing current and projected expenditure for the 2016/17 period, including reasons for variances. The estimated expenditure as at 28 February 2017 amounted to $141,303,200. At the close of the mission (30 June 2017), the estimated total expenditure would amount to $168,768,700, leaving a projected unencumbered balance of $3,169,100. Upon enquiry, the Committee was provided with information that indicated that the balance of accounts receivable (from other United Nations agencies) as at 6 April 2017 amounted to $163,341.

C. Liquidation activities, restoration and environmental clearance

23. Upon enquiry, the Advisory Committee was informed that all liabilities to date are reflected in the books and records of the Operation and that the present available cash balance in the special account of UNOCI is sufficient to meet the recorded liabilities to all troop- and formed police-contributing countries.

24. With regard to assets, the Advisory Committee was also informed that the mission expects to transfer assets valued at $11.5 million to another mission; transfer assets valued at $710,000 to the Department of Safety and Security; and sell assets valued at nearly $7 million. **The Advisory Committee expects that the liquidation of assets will be conducted in compliance with regulation 5.14 of the Financial Regulations and Rules of the United Nations (see also A/71/676, para. 38).**

25. In his report, the Secretary-General notes that in light of the accelerated closure period, there is a possibility that unforeseen liabilities may arise after 30 June 2017, as obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered remain valid for a five-year period. Upon enquiry, the Advisory Committee was informed that the principal factors that may give rise to unforeseen liabilities include staff-related payments, claims by troop- and police-contributing countries, mandated activities with respect to environmental clean-up of land and other sites, and obligations to renovate the buildings and facilities so as to restore them to their original condition.

Education grant and environmental clean-up

26. With regard to education grants, upon enquiry, the Advisory Committee was informed that provisions for costs related to the education grant are included in the budget for the 2016/17 period under the common staff costs budget line for international staff, and that no claims are expected for school periods after the closure of the Operation on 30 June 2017. However, the Committee was also informed that according to rule 3.17 of the Staff Rules and Staff Regulations of the United Nations, a staff member can make a written claim to receive an education grant payment retroactively within one year following the date on which the staff member would have been entitled to the initial payment.

27. The Advisory Committee requested, but was not provided with, quantitative information on potential future liabilities. **The Advisory Committee trusts that updated quantitative information on current liabilities as well as potential outstanding education grants will be provided to the General Assembly at the time of its consideration of the Secretary-General's performance report.**

28. Concerning the environmental clean-up, upon enquiry, the Advisory Committee was provided with an update on environmental clean-up activities, which include removal of oil/soil contamination around generators and vehicle workshops; removal of wastewater treatment plants and associated lift stations in the ground; cleaning of septic tanks and oil/water separators; and general solid

waste pickup and disposal. The Committee was also informed that the Operation had removed approximately 100 tons of contaminated soil, mostly around fuel tanks and generators, and that costs for environmental clean-up were included under approved facilities and infrastructure resources. **The Advisory Committee trusts that the Operation will contribute lessons on environmental clean-up to the centralized repository which is being compiled to provide guidance for future mission withdrawal and closure processes.** The Committee's observations and recommendations on environmental matters can be found in its cross-cutting report on peacekeeping operations (A/71/836).

29. **The Advisory Committee reiterates that the Operation must draw lessons learned from other closed operations with a view to ensuring a timely liquidation in compliance with all applicable regulations and rules (see A/71/676).**

Unforeseen liabilities

30. Owing to the unforeseen liabilities which it is suggested by the Secretary-General may arise after the Operation's closure, the Secretary-General recommends that the unencumbered balance and other income in the total amount of $65,223,900 for the 2015/16 period be deferred until the seventy-second session of the General Assembly (A/71/732, para. 74). Noting the value of the potential sale of assets in the amount of approximately $7 million, and the remaining cash balance of $91,942,800 for the period 2016/17, and absent sufficient quantitative data concerning financial liabilities, the Advisory Committee is not convinced of the need for the Operation to retain that total amount of $65,223,900, comprising the unencumbered balance and other income for the period ended 30 June 2016. **The Advisory Committee therefore recommends that the full amount of the unencumbered balance of $48,680,300 for the 2015/16 period and other income for the period ended 30 June 2016 amounting to $16,543,600 be returned to Member States.**

III. Conclusion

31. The action to be taken by the General Assembly in connection with the budget performance report for UNOCI is contained in paragraph 74 of the report of the Secretary-General. **Taking into account its recommendations in paragraph 30 above, the Advisory Committee recommends that the unencumbered balance of $48,680,300 for the period from 1 July 2015 to 30 July 2016 and other income for the period ended 30 June 2016 amounting to $16,543,600 be credited to Member States in full and without delay.**

Documentation

- Budget performance of the United Nations Operation in Côte d'Ivoire for the period from1 July 2015 to 30 June 2016 (A/71/732)
- Reports of the Advisory Committee on Administrative and Budgetary Questions (A/71/676 and A/70/742/Add.13)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the cross-cutting issues related to United Nations peacekeeping operations (A/71/836)

- **Financial report and audited financial statements for the 12-month period from 1 July 2015 to 30 June 2016 and report of the Board of Auditors, Volume II, United Nations peacekeeping operations (A/71/5 (Vol. II))**
- **General Assembly resolutions 70/272 and 71/271**
- **Security Council resolutions 2260 (2016) and 2284 (2016)**